

E1 payment draft has a term calculated from the specified event date of at least 30 days, or of 60, or 90 or 180 days.

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Please ADD new claim 98, as follows:

E2 98. (amended) A trade finance method according to claim 35 wherein the traded product consists essentially of goods, of services or of goods and services.

REMARKS

In the outstanding Office Action, claims 35-97 were presented for examination. Independent claims 35, 44, 64, 68, 75, 81 and 82 were rejected under 35 USC 112, second paragraph for failure to specifically point out the invention. The independent claims were furthermore rejected under 35 U.S.C. §101 as lacking patentable utility. In addition, claim 35 was rejected under 35 U.S.C. §103 as being unpatentable over Ordish et al. in view of Odom et al. and a dictionary reference identified as "Barrons".

The Office Action has been most carefully studied. In this amendment applicant has made a minor, amendment to claim 96, without narrowing the claim and has added new claims 98 more particularly pointing out the invention. The new claim has been carefully written to avoid any questions under 35 U.S.C. §112, in accordance with the guidelines and requirements set forth in the outstanding Office Action. Accordingly, as will be discussed in detail below, it is believed that the application is clearly in condition for allowance.

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Request for a Telephone Interview

In the event that any matters remain outstanding after entry and consideration of this amendment, the Examiner is respectfully requested to telephone the undersigned, prior to issuance of a final action, for a telephone interview to advance the prosecution of the application.

Drawings

Applicant respectfully requests confirmation that the drawings filed September 26, 2001 are acceptable.

Claims of Record

According to applicant's file claims 35-97 are pending rather than claims 1-97 as noted in the Office action. Claims 1-34 were canceled, without prejudice, in the Amendment filed March 21, 2001.

Claim Rejections - 35 U.S.C. §112

Applicant's independent claims are again rejected for failure "to particularly point out and distinctly state what applicant regards as his invention." However the rejection has not been particularized. Therefore, applicant is unable to make any detailed response to the rejection. As stated in the amendment filed April 30, 2002, applicant has carefully considered the independent claims and believes they do in fact particularly point out and distinctly state what applicant regards as his invention. The rejection was originally made in the Office action dated May 22, 2001, and was

traversed in the Amendment filed July 5, 2001. It was repeated, *verbatim*, in the Office action dated January 30, 2002 and again traversed by applicant in the Amendment filed April 30, 2002. Accordingly, it is again respectfully requested that the rejection be reconsidered and be withdrawn.

Claim Rejections under 35 U.S.C. §101

The rejection of independent claims 35, 44, 64, 68, 75, 81-82 under 35 U.S.C. §101, was made for the first time, in identical language to that now used, in the final Office action dated May 22, 2001. In the Amendment filed July 5, 2001, Applicant made a substantive and meaningful showing in rebuttal of the rejection. Applicant's showing extended from pages 4 through 15 of that Amendment, addressed the prevailing law, followed the guidelines set forth in the Office's "35 U.S.C. 101 Training Materials" presented by Vincent Millin, Tariq Hafiz, Jim Trammell and Robert Olszewski, and pointed to the role of specific claim language in each of the independent claims rejected. The showing of compliance with the requirements of 35 U.S.C. §101 was believed clear and convincing beyond any reasonable doubt.

The rejection was repeated, *verbatim*, in the Office Action dated January 30, 2002 and was again fully answered in Applicant's Amendment filed April 30, 2002. The Office has not rebutted applicant's detailed and meaningful submissions. Accordingly, withdrawal of the rejection is believed proper and is respectfully requested.

Claim Rejections - 35 U.S.C. §103 Unpatentability over Ordish et al. in view of

COPY***Odom et al. and Barrons***

Applicant has further considered the disclosures of Ordish et al. and Odom et al. along with the new reference, Barrons, and the combination of same applied by the Office. However, applicant respectfully submits that even when combined in the manner set forth in the Office action the references fail to teach or suggest applicant's invention as now claimed in claim 35. Furthermore, applicant respectfully submits that the art does not provide a motivation to combine Ordish et al., Odom et al. and Barrons in the manner set forth in the Office action, or in any other way. The reasons for these submissions will now be explained.

Noting that the new reference cited is a concise dictionary definition of the term "banker's acceptance", to clarify what is understood in the art by a banker's acceptance applicant is filing herewith a copy of the General Instructions for FR 2006 available from the Federal Reserve Board ("FR 2006" hereinafter), e.g. at

<http://www.federalreserve.gov/boarddocs/reportforms/default.cfm>

("Instructions"; "Historical")

which provides a more detailed definition of the term. A banker's acceptance is an instrument employable in preferred embodiments of the present invention, as extensively referenced in applicant's specification, and as set forth in for example, claims 45, 55-61 and 74-80. In particular, applicant's specification teaches at page 35 line 17-21 that:

"A particularly desirable arrangement is to make prior provision for issuance of a pre-accepted banker's acceptance, whereby the financial institution agrees ahead of time to issue a banker's acceptance and substitute it for the buyer accepted trade acceptance, the

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1st of exchange."

Applicant's invention, as claimed in claim 35 was explained in applicant's Amendment filed April 30, 2002, and in other of applicant's papers of record herein. As also explained in that amendment Ordish et al. and Odom et al. both relate only to the offer and acceptance cycle of a transaction. Neither relates to the payment cycle. Both rely upon conventional cash, credit card or deposit account settlement. Neither provides an enhanced method of finance.

The Office relies upon Barrons as teaching that "the payment draft":

"... is drawn on the buyer at the financial institution and executed by the buyer to indicate the buyer's acceptance of the draft ..." (Office action, lines 3-4 from the bottom of page 3).

The Barrons definition of a "Banker's Acceptance" is:

"time draft drawn on and accepted by a bank, the customary means of effecting payment for merchandise sold in import export transactions and a source of financing used extensively in international trade." (Emphasis added.)

FR 2006 amplifies the definition and description, as follows:

"A bankers acceptance (BA) for purposes of this survey and as defined in the Call Reports (FFIEC 031-034, FFIEC 002 and FR2886b) is a draft or bill of exchange that has been drawn on and accepted by a banking institution at a future date that is specified in the instrument. Funds are typically advanced to the drawer of the acceptance by the discounting of the accepted draft or by others; the subsequent draft is negotiable and may be sold or resold subsequent to its original discounting. In some instances the drawer may hold the acceptance to maturity. At the maturity date specified the holder or owner of the acceptance on that date presents the accepted draft to the accepting bank for payment." (Emphasis added.)

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It is clear from these definitions that a banker's acceptance is not drawn on the buyer; it is drawn on the bank. Nor is a banker's acceptance "executed by the buyer to indicate the buyer's acceptance of the draft"; it is executed by the bank to indicate acceptance by the bank. Thus, the combination of references now cited by the Office lacks at least two essential features of the novel payment draft employed in applicant's claimed invention and for these reasons alone, claim 35 is clearly and patentably distinguished from Ordish et al. even when considered in view of Odom et al. and Barrons.

Claim 35 is still further clearly and patentably distinguished from the Office's combination of references because, as the above definitions show, a banker's acceptance not only *does not* meet the requirement that the payment draft defined in claim 35 have

"... (payment ... within) a term commencing with the date of occurrence of an activating event specified in the payment draft being a date occurring after execution of the payment draft by the buyer ..." (Office action, lines 1-2 from the bottom of page 3).

but a banker's acceptance *cannot* have such a term. As FR 2006 shows, a banker's acceptance is "accepted by a banking institution at a future date that is specified in the instrument". A date "specified in the instrument", is quite the opposite of applicant's term which definitely does not have a date specified in the instrument because it is required by claim 35 that the term should not even commence until *after* the payment

draft has been executed, when the activating event occurs.

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As for the motivation to combine the references, in view of their diverse objectives, no such motivation is believed to exist. The Office again urges that the motivation to combine Ordish et al. and Odom et al. is

"to teach the a networked commerce system that permits a user to bid automatically. . .
etc."

However, applicant's invention as claimed does not relate to automatic bidding on a networked commerce system, so that this supposed motivation is not at all relevant to the invention claimed by applicant herein.

As for the further motivation to combine Barrons with Ordish et al. and Odom et al. which is offered by the Office no such motivation is seen in the references by applicant, none of which provides an event-actuated payment draft as defined in applicant's claims. Moreover, Ordish et al. relates to trades in financial instruments. Such trades would not, according to applicant's understanding, eligible for a banker's acceptance, as is explained in the paragraph entitled "'Eligible' bankers acceptances' in FR 2006. Accordingly, one skilled in the art would not attempt to use a banker's acceptance for financing Ordish et al.'s methods, as is urged by the Office.

Clearly, only hindsight could cause one skilled in the art to attempt to combine

the references in the manner set forth by the Office. Yet even that combination falls far short of applicant's invention as it is defined in claim 35, or any other claim now pending.

New claim 98 is still more clearly and patentably distinguished from the combination of references relied upon by the Office by its limitation of the traded product to "goods, services or goods and services" thereby excluding Ordish et al.'s financial instruments.

Accordingly, claim 35 along with pending claims 36-98 are believed clearly and patentably distinguished from the combination of Barrons with Ordish et al. and Odom et al., or any other reference or combination of references known to applicant. Reconsideration and allowance are respectfully requested.

Allowable Subject Matter

As previously noted on the record herein, there are no objections or rejections of dependent Claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-97 outstanding. Accordingly, allowance or a favorable indication of allowability of dependent claims 36-43, 45-63, 65-67, 69-74, 76-80, and 83-97 is clearly proper and is respectfully requested.

Preferred Embodiments

Applicant teaches, at page 34 line 26 *et seq.*, and claims in, for example, claims 45, 55-61 and 74-80, a method of putting an accepting bank in funds:

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"the draft substitution process will be discussed further in the context of a transaction employing mutually extinguishable 1st and 2nd bills of exchange, the 1st of exchange being an embodiment of a prerelease draft 10"

through page 39, lines 7-11:

"In a preferred embodiment, the invention provides an electronic document generation process which has controls to ensure that the amount, parties, tenor and due dates of the 1st and 2nd bills of exchange are identical, so that payment of the first extinguishes the second, and payment of the second extinguishes the first."

Both Barrons and FR 2006 specify that the specific instrument be drawn on AND (emphasis added) then accepted which is a process initiated by the customer and completed by the bank. Applicant teaches a control process by which the bank can complete the acceptance of a specific instrument before the customer has drawn (signed) it:

"by employing a draft substitution process, wherein a banker's acceptance 'B/A', separately issued, pre-approved and preferably also, pre-accepted, is substituted for the underlying trade acceptance represented by the buyer-executed 1st of exchange." (Page 34, lines 19-22.)

Barrons defines a trade acceptance as a

"time draft drawn by the seller of goods on the buyer, who becomes the acceptor, and which is therefore only as good as the buyer's credit."

The singular use of time draft in the definition is indicative of a sole bill of exchange. In contrast, applicant teaches, in a preferred embodiment of the invention, a process using mutually extinguishable 1st and 2nd bills of exchange. Applicant's mutually extinguishable 1st and 2nd bills of exchange is a substantively different process from employment of a sole bill of exchange in that if both are accepted, payment of one cancels the other without any further action or notice. This is a significant feature of

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applicant's preferred embodiment teaching that the latent 1st of exchange be accepted prior to the release of goods, and the 2nd of exchange be accepted subsequently to the release of goods, and that they are a mutually extinguishable 1st and 2nd of exchange if and only if the process of issuance, as taught by the applicant, results in identical instruments, for example, as set forth in the specification at page 26, lines 1-10:

"Preferably also, the 1st and 2nd of exchange are created, in sequence, at different times, yet have identical maturity dates. This novel use of two similar, mutually extinguishable bills of exchange, pursuant to the invention permits the enhancement of the collateralization of the credit extended to the buyer. Use of two interdependent bills of exchange enables one, preferably the first, to be held as collateral in one location while the other, preferably the second, is used for collection. By virtue of the mutual extinguishability feature, collection made on the second automatically extinguishes the collateral provided by the first, without any further action being required".

In the event that one or other of the 1st and 2nd of exchange were to be discounted with different parties, the credit standing of the buyer notwithstanding, when the buyer pays either one, the other immediately becomes worthless without notice or action to anyone, and the person who discounted the now-canceled bill of exchange would have no source of funds.

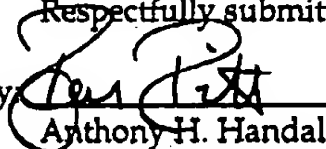
Also of note in this context is Aharoni United States Patent No. 5,694,552 which is considered in detail in the background section of applicant's specification, at page 8, line 24 to page 10, line 29. Also applicant has, in Figures 4A-4B, provided a step-by-step chart of the Aharoni process. Aharoni discloses a process employing the instrument described in Barrons as payment for goods received, using the term a "trade acceptance draft".

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In view of the above amendments and the discussion relating thereto, it is respectfully submitted that the instant application, as amended, is in condition for allowance. Such action is most earnestly solicited. If for any reason the Examiner feels that consultation with Applicant's attorney would be helpful in the advancement of the prosecution, he is invited to call the telephone number below for an interview.

Respectfully submitted,

By


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I hereby certify that this paper is being facsimile transmitted to the Patent and Trademark Office
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COPY**Version of Amended Claim(s) with Markings to Show Changes Made**

96. (amended) A trade finance method according to claim 35 wherein the latent payment draft has a term calculated from the specified event date of at least 30 days, optionally or of 60, or 90 or 180 days.

ANNUAL SURVEY OF ELIGIBLE BANKERS ACCEPTANCES**Reporting Instructions****COPY****GENERAL INSTRUCTIONS**

This survey collects information on eligible U.S. dollar-denominated bankers acceptances legally payable in the United States, including, for U.S.-chartered institutions, those executed by and carried on the books of the reporting institution's foreign branches. The data collected are used in constructing measures of the monetary aggregates and business credit.

The survey does *not* cover the following: (1) non-U.S. dollar-denominated acceptances, (2) "ineligible" acceptances, and (3) acceptances that are not legally payable in the United States.

Office Coverage. This survey is requested from the following banking institutions (including their International Banking Facilities) domiciled in the United States (fifty states and the District of Columbia):

- (a) U.S.-chartered commercial banks, including their domestic and foreign branches. (To be reported on a consolidated basis.) **NOTE:** Edge and agreement subsidiaries report separately as provided in (c) below.
- (b) U.S. branches and agencies of foreign banks. (To be reported on an individual office basis.)
- (c) Edge and agreement corporations. (To be reported on an individual office basis.)

Submission of the Surveys. The surveys are to be submitted on the forms provided. An entry should be made for each item, that is, an amount, a zero, the word "none," or an "N/A" (not applicable). All forms should indicate the name and address of the reporting institution, the name of the person to be contacted at the reporting institution regarding this survey, and the area code/telephone number of this contact.

Timing of Surveys. The data are to be reported each year as of September 30. The surveys are to be submitted by October 10.

DEFINITIONS OF TERMS USED IN THE ITEM-BY-ITEM INSTRUCTIONS

U.S. For purposes of this survey, U.S. encompasses the fifty states of the United States and the District of Columbia.

Non-U.S. For purposes of this survey, non-U.S. encompasses foreign countries, Puerto Rico, and U.S. territories and possessions.

Bankers acceptances. A bankers acceptance (BA), for purposes of this survey and as defined in the Call Reports (FFIEC 031-034, FFIEC 002, and FR 2886b), is a draft or bill of exchange that has been drawn on and accepted by a banking institution (the "accepting bank"), or its agent, for payment by that institution at a future date that is specified in the instrument. Funds are typically advanced to the drawer of the acceptance by the discounting of the accepted draft either by the accepting bank or by others; the accepted draft is negotiable and may be sold and resold subsequent to its original discounting. In some instances, the drawer may hold the acceptance to maturity. At the maturity date specified, the holder or owner of the acceptance on that date presents the accepted draft to the accepting bank for payment.

The accepting bank has an unconditional obligation to put the holder in funds (to pay the holder the face amount of the draft) on presentation on the specified date. The account party (customer) has an unconditional obligation to put the accepting bank in funds on or before the maturity date specified in the instrument.

"Eligible" bankers acceptances. Eligible bankers acceptances are those acceptances that are of the type that are eligible for discount by Federal Reserve Banks; that is, those acceptances that meet the criteria of Paragraph 7 of Section 13 of the Federal Reserve Act (12 U.S.C. §372). The eligibility criteria include the requirements that the acceptance: (1) grow out of a trade transaction involving exporting and importing (including transactions between foreign countries), domestic or foreign storage of readily marketable staples, or domestic shipment of goods; and (2) have a maturity of six months or less. BAs that grow out of the storage of staples must be secured at the time of acceptance by a warehouse receipt or other document conveying or securing title. Eligible acceptances are not subject to reserve requirements under current Regulation D. In addition, certain dollar exchange acceptances likewise are exempt from reserve requirements under current Regulation D; for purposes of this survey, such dollar exchange acceptances are included in "eligible" acceptances.

Payable in the United States. For purposes of this survey, a bankers acceptance is deemed to be pay-

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Approval expires May 31, 2001

able in the United States: (1) if the instrument is accepted by a U.S. office of the reporting institution and it does not bear a legend directing that payment be made outside the United States; or (2) if the instrument is accepted by a foreign branch of the reporting institution and it bears a legend directing that payment be made in the United States.

Dollar-denominated. For purposes of this survey, dollar-denominated acceptances are those acceptances denominated and payable at maturity in U.S. dollars.

"Participations" in acceptances. For purposes of this survey and as defined in the Call Reports, participations in acceptances arise when the accepting bank enters into any kind of arrangement with others for the purpose of having the latter share, or participate, in the obligation to put the holder of the acceptance in funds at maturity or in the risk of loss in the event of default on the part of the account party. The existence of any such sharing arrangement or participation agreement does *not* reduce the accepting bank's obligation to honor the full amount of the acceptance at maturity - regardless of the form or provisions of the contract, regardless of the terminology (for example, "funded," "risk," "conditional," or "contingent") used to describe the agreement, regardless of whether the agreement is described as a participation in the customer's liability or in the accepting bank's obligation or in the risk of default by the account party, and regardless of the system of debits and credits used by the accepting bank to reflect the participation arrangement. Thus, the accepting bank should report the full amount of acceptances outstanding, including participations, as described below. Similarly, in the event the reporting institution has acquired such participations of the accepting bank, the amount of such participations is *not* to be included in any item of the survey.

ITEM-BY-ITEM INSTRUCTIONS

General. The term "acceptances" in the following instructions refers only to acceptances that are eligible, U.S. dollar-denominated, and payable in the United States.

Rounding. Amounts should be rounded to the nearest thousand dollars.

Item 1. Total amount of reporting institution's eligible acceptances in existence. Report the full amount of acceptances executed by the reporting institution that are in existence at the report date. Acceptances in existence consist of both those acceptances executed by the reporting institution that are held in the institution's own portfolio and trading account and those executed and outstanding at the end of the month that have been sold to others, either outright or under a repurchase agreement. Include in this item acceptances that grow out of a draft drawn against the reporting institution by another bank, whether the bank drawing the draft is domestic or foreign. Do *not* reduce the amount reported by the amounts of any acceptance obligations that have been conveyed to others through participation agreements. Do *not* include any such participations conveyed to the reporting bank by other-accepting institutions.

Item 2. Amount of eligible acceptances of other banks held in reporting institution's portfolio and trading account. Report in this item the full amount of acceptances executed by other institutions that are held by the reporting institution in its portfolio and trading account at the report date.

Memo Item 1. Amount of reporting institution's eligible acceptances representing goods stored in, or shipped between, foreign countries (component of Item 1). Report in this item the full amount of acceptances executed and held by the reporting institution at the report date representing goods stored in, or shipped between, foreign countries. Note that the full amount reported in this item should be included in Item 1.

Memo Item 2. Amount of reporting institution's eligible acceptances held in its portfolio and trading account (component of Item 1). Report in this item the full amount of acceptances executed and held by the reporting institution in its portfolio and trading account at the report date. Include in this item any acceptances so held that have been "refinanced" by the reporting institution by drawing a draft on another bank. Note that the full amount reported in this item should be included in Item 1.